

Opportunities & Threats Faced by Urban Housing Developers

By

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Deceleration of the Candidate & the Supervisor

I, the undersigned, hereby declare that the Dissertation titled "**Opportunities and Threats Faced by Urban Housing Developers**," which I wrote and submitted to the University of Moratuwa in partial satisfaction of the requirement for the award of a Master of Science degree under the supervision of Dr Chandana Siriwardana, is my original work, and the conclusions drawn therein are based on the material collected by myself.

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Dedication

This dissertation is dedicated to my wonderful Parents, Family and Friends

And especially to

All those who have invested their time and effort in the development of

Housing construction in Sri Lanka.

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Abstract

The Sri Lankan construction industry went through a major boost within the last few decades, especially in high rise residential buildings which are coming up in Colombo and other urban areas. The growing number of local and foreign investors contributing to the housing market has exponentially benefitted the local construction industry as well. Long term sustainability of these projects is not certain due to many issues such as socio-economic and political issues. Hence it is very important to identify the opportunities and threats that are associated with the housing market industry in Sri Lanka.

This study identifies the opportunities and threats that are faced by urban housing developers and identifies how the internal strengths should be developed for the organization to grasp the benefits of opportunities and minimize the risks posed by the threats. Thus, the main research question formulated to investigate the above is “What are the important Opportunities and Threats which are faced by Urban Housing Developers?” The primary objective of this research is the identification of opportunities and threats for urban housing developers in Sri Lanka as well as globally and how we can face these challenges and mitigate them. The information required for this study was composed through a detailed literature review from reputed journals, published books and websites.

The study adopted both quantitative and qualitative approaches in data collection, thereby identifying the most critical and important opportunities and threats faced by urban housing developers. A detailed literature review was done first from reputed journals, published books and websites. Thirty-Four (34) most important & critical factors were identified through the literature survey. A Factor Ranking survey was designed based upon literature to obtain the Opportunities & Threats faced by Urban housing developers. Since this topic is very wide & use of all factors for questionnaire survey is not practical. Hence only the most important 34 factors were selected as input variables for our survey assuming that these factors would best represent the construction field. When selecting the factors, the availability of local construction industries, case studies and the global construction industry were considered. The Ranking survey was done for validating the finding from the previous literatures of the construction industry. Survey is distributed through email with excel spreadsheet form and emailed to twenty (20) Industry Practitioners selected from the Sri Lankan construction industry. These twenty (20) Industry practitioners are from the Private sector, Government sector & research and development sector.

From that the Fifteen (15) most critical and important factors were identified and then proceeded to further analyze and interpret the data gathered by adopting the Analytical Hierarchical Process (AHP) with the involvement of Ten (10) experts selected among the twenty Industry practitioners. A summary table was prepared with an average weighting percentage identified to each of the 15 factors. Hence, those 15 factors have been ranked from 1-15 according to their relative importance.

According to the analysis, five (5) most critical factors were obtained:

1. Demographic trends will shape the housing market. (A5)
2. A major challenge facing the real estate market is the frequency of natural disasters. (G1)
3. Weak and rigid legal framework to solve litigation procedure on properties by banks (B2)
4. Government provided incentives (D3)
5. Complicated Documentation. (B1)

For any type of housing developers, the above critical factors are both challenges and opportunities for them. The housing developers must study these factors which are beyond their control and analyze each factor. This thesis intends to be a guide for housing developers before they venture into new housing projects.

Hence, they can develop a framework and identify their challenges, which factors are threats, and which are opportunities. Identify the most crucial factors then find whether these factors are beyond their control then it's a risk to start the project.

This thesis is a methodology to prioritize the opportunities and threats for a particular housing project. Housing developers despite their scale (Low, Medium or High) they can use the same methodology to prioritize the threats and opportunities for their projects. After prioritizing, if the most crucial factors are beyond their control, then they will have to rethink about the project.

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